

ANACONDA Minerals Company
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Ben L. Odom
Senior Vice President



August 2, 1983

The Honorable Edwin Martinez
Governor, Pueblo of Laguna
P.O. Box 194
Laguna, New Mexico 87026

Dear Governor Martinez:

In accordance with our last discussions, Anaconda proposes to resolve the reclamation issues concerning uranium leases by providing payments and a donation of property to the Pueblo of Laguna in return for the Pueblo of Laguna's agreement to assume sole responsibility and obligation to perform any necessary reclamation covering the former leases.

The payment Anaconda proposes to transfer to the Pueblo of Laguna totals \$40,900,000 subject to being disbursed for reclamation and related purposes as mutually agreed between the Pueblo of Laguna and the Department of Interior. This amount includes the sum of \$2,000,000 that the Pueblo of Laguna could utilize in whole or in part to acquire financial or management expertise for assistance in performing reclamation and the sum of \$300,000 as complete settlement of any and all claims of the Village of Pagate without admission of any responsibility or liability. The Pueblo of Laguna may also accrue some financial benefits from the investment of these monies until spent upon mine reclamation for the Jackpile-Pagate Mine complex. Interest earned on the investment sum cannot be accurately predicted, as it is dependent on reclamation spending rates and future interest rates and inflation rates. Some estimates of possible future interest benefits at various spending rates are attached for your information, but should be considered as estimates only.

Anaconda is also willing to transfer to the Pueblo of Laguna mine site property consisting of the railroad spur and all other buildings and fixtures on the uranium leases which Anaconda otherwise would have the right to remove.

This proposal is, of course, subject to a formal, mutually acceptable agreement between Anaconda and the Pueblo of Laguna and approval of the Department of Interior and other government agencies as necessary. If such agreement is made and approved, it would be subject to release of Anaconda's bond and obligations and liabilities arising under the terms of its lease agreements and applicable laws and regulations would be released.

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Upon execution and necessary approval of such an agreement, Anaconda would transfer to the Pueblo of Laguna the described property and the payment sum of \$40,900,000.

This payment and transfer we are offering cover the cost of the reclamation work in our Jackpile-Paguate Reclamation Plan and in addition could be of significant benefit to the Pueblo of Laguna by allowing the performance of reclamation work in a manner and with the timing you choose.

Sincerely,

ANACONDA MINERALS COMPANY


Ben L. Odom